

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 799 - SB 1377**

February 22, 2023

**SUMMARY OF BILL:** Establishes that the 2018 International Energy Conservation Code (IECC) published by the International Code Council is the state energy conservation standard for new residential construction and requires local governments to adopt such code.

**FISCAL IMPACT:**

**Increase Local Expenditures – Exceeds \$1,000/FY23-24 \***

Assumptions:

- The proposed legislation will result in a mandatory increase to local expenditures for any local government that has not already adopted the state's energy conservation code. It is not known how many counties or municipalities fall into this category.
- The increase to expenditures will vary for each local government depending on the current energy code adopted, the size of each codes department, the number of new codes books required, and any updated training requirements.
- For the purpose of this analysis it is estimated that:
  - Each local government will require at least five new copies of the IECC at \$55 each, resulting in a total expenditure of \$275 (5 copies x \$55);
  - On average there will be two public hearing notices published since counties require one public notice and municipalities may require up to three meetings.
  - The average cost for a newspaper notification is \$114, based on responses to the 2017 Local Government Survey conducted by the Fiscal Review Committee staff;
  - Each local government would have an increase to expenditures of \$228 (\$114 x 2 public notices); and
  - Each local government will require additional training for at least four building inspectors at a cost of \$120 each or \$480 (\$120 x 4 inspectors).
- Therefore, it is assumed that any local government adopting the state code would experience an increase to expenditures of \$983 (\$275 + \$228 + \$480) in FY23-24.
- Passage of the proposed legislation may result in local governments updating other building codes besides the energy code. Any subsequent fiscal impacts will be based on permissive actions by local governments and cannot be determined.

## **IMPACT TO COMMERCE:**

### **NOT SIGNIFICANT**

#### Assumptions:

- Updating the state's energy conservation standards may result in higher costs of construction for homebuilders.
- It is assumed that any increase to business costs would be offset by increased prices for buyers; therefore, any net impact to commerce is estimated to be not significant.
- The proposed legislation is not expected to have any significant impact on jobs in the state.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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